



OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

July 24, 1998

ACQUISITION AND
TECHNOLOGY

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
DIRECTORS OF DEFENSE AGENCIES
COMMANDER IN CHIEF, SPECIAL OPERATIONS COMMAND
DIRECTOR, DOD EDUCATION ACTIVITY
DIRECTOR, TRICARE MANAGEMENT ACTIVITY
PRESIDENT, USUHS
DIRECTOR, WASHINGTON HEADQUARTERS SERVICES

SUBJECT: Purchase Card Task Order Transition and Payment
Delinquencies

On November 29, 1998, all existing task orders with US Bank for purchase card services will expire. Recently, task orders for the Department's follow-on requirements were awarded to US Bank and Citibank for performance beginning on November 30, 1998.

The Department is currently \$8 million delinquent in payments to US Bank. In transitioning to the new task orders, we must ensure timely payment and closeout of all existing accounts with US Bank. Therefore, I am directing that all accounts in US Bank's Rocky Mountain Bank Card System be reconciled and paid in full no later than September 30, 1998. Additionally, I direct that all current accounts in US Bank's Commercial Payment System be reconciled and paid in full no later than April 1, 1999. Timely payment and closeout of these accounts will ease the effort at all levels in transitioning to the new task orders.'

In order to minimize prompt payment penalties in the future, the new task orders include a requirement for US Bank and Citibank to implement a suspension process. Each Bank, after making proper notifications, will automatically suspend accounts (including all cardholders) which are not paid within 90 days of the billing date. The suspension will automatically be lifted once the accounts are brought within the 90-day window. Each Bank may cancel accounts that are suspended three times during a 12-month period.

The Purchase Card Program Manager, Mr. Bruce Sullivan, will provide me with routine updates on your reconciliation and closeout efforts. If you have any questions or require assistance in account reconciliation, please contact him at (703) 681-7564.

Eleanor R. Spector
Director, Defense Procurement

cc:
Under Secretary of Defense (Acquisition and Technology)
Under Secretary of Defense (Comptroller)

Subj: PURCHASE CARD TASK ORDER TRANSITION AND PAYMENT
DELINQUENCIES

Blind Copy to:

ABM-PS

COMNAVAIRSYSCOM (2.1.1)

COMNAVFACENGCOM (ACQ 021)

COMNAVSEASYSYSCOM (02C)

COMNAVSUPSYSCOM (21)

COMSPAWARSYSCOM (02-41)

COMSC (N101)

DC/S I&L HQMC (Code LBP)

COMMARCORSYSCOM (Code CTQ-3)

CNR (22)

OASN(FM&C)FMO